

Message Text

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PAGE 01 KUALA 03872 050827Z
ACTION PM-05

INFO OCT-01 EA-10 ISO-00 NSC-05 SP-02 SS-15 CIAE-00
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E. O. 11652: N/A
TAGS: MASS, MY
SUBJ: "NORTHROP CASE"

REF: A) KUALA LUMPUR 0283 (NOTAL) B) 77 KUALA LUMPUR 7894
AND PREVOUSE

1. THE TRIAL OF RETIRED RMAF GROUP CAPTAIN AHMAD SHAH BIN HASHIM ON CORRUPTION CHARGES OPENED IN KUALA LUMPUR'S HIGH COURT ON MYA 3 WITH THE PROSECUTION CHARGING THAT THE DEFENDANT SOLICITED A ONE PERCENT COMMISSION OF THE THREE PERCENT COMMISSION DUE TO NORTHROP CORPORATION'S LOCAL AGENT, SYARIKAT BUMIPUTRA SDN BHD. THE DEFENDANT IS ALSO CHARGED WITH CORRUPTLY ACCEPTING FOUR PAYMENTS TOTALING M\$102,150 (ABOUT U.S. \$43,650) AS A REWARD FOR RECOMMENDING THE GOVERNMENT PURCHASE THE NORTHROP AIRCRAFT. THE PROSECUTION CHARGED THAT: THE MANAGING DIRECTOR OF SYARIKAT BUMIPUTRA APPROACHED THE DEFENDANT TO ASK TO HIM TO RECOMMEND PURCHASE OF THE AIRCRAFT; THE DEFENDANT SUBSEQUENTLY INFORMED THE COMPANY THAT "HIGHER AUTHORITIES" WOULD CONSIDER PURCHASING THE AIRCRAFT; AND THE COMPANY AGREED TO PAY THE DEFENDANT A ONE PERCENT COMMISSION. TO FACILITATE PAYMENT, IT IS CHARGED, THE DEFENDANT'S ASSOCIATE OPENED A BANK ACCOUNT IN ZURICH IN THE NAME OF THE ASSOCIATE'S BROTHER. THE BROTHER THEN OPENED AN ACCOUNT WITH THE SINGAPORE BRANCH OF CHASE MANHATTAN BANK,
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AND ORDERED THE SWISS BANK TO TRANSFER PAYMENTS MADE BY NORTHROP TO THE SINGAPORE ACCOUNT. THE BROTHER DELIVERED FUNDS FROM THIS ACCOUNT TO THE ASSOCIATE WHO THEN DELIVERED THE FUNDS TO THE DEFENDANT. THE BROTHER DEDUCTED M\$500 FROM EACH PAYMENT AS HIS COMMISSION FOR THE SERVICES RENDERED. THE PROSECUTION CONCLUDED THAT ALTHOUGH THE DEFENDANT HAD STATED THAT THE COMMISSION WAS FOR HIMSELF AND HIS ASSOCIATES, HE HAD, IN FACT, POCKETED IT ALL.

2. THE FIRST PROSECUTION WITNESS, RETIRED AIR VICE MARSHALL DATUK SULAIMAN SUJUK, TESTIFIED THAT THE DEFENDANT COULD NOT HAVE PERSONALLY DECIDED THE CHOICE OF AIRCRAFT, FOR HE WAS ONLY A MEMBER OF AN EVALUATION TEAM LED BY THE AIR VICE MARSHALL HIMSELF, CHARGED WITH CONSIDERING FOUR AIRCRAFT; THE AMERICAN F-4 AND F-5, THE FRENCH MIRAGE AND THE BRITISH JAGUAR. THE EVALUATION TEAM'S FIRST RECOMMENDATION WAS IN FAVOR OF THE MIRAGE, BUT WAS REJECTED ON FINANCIAL GROUNDS BY THE GOVERNMENT WHICH REQUESTED FURTHER CONSIDERATION OF THE F-5. THE AIR VICE MARSHALL SUBSEQUENTLY LED A FOUR-MAN TEAM INCLUDING THE DEFENDANT TO THE UNITED STATES WHERE THE PURCHASE OF THE F-5 AIRCRAFT WAS NEGOTIATED. THE PURCHASE WAS LATER APPROVED BY THE LATE PRIME MINISTER/DEFENSE MINISTER, TUN ABDUL RAZAK. THE AIR VICE MARSHALL DENIED HAVING KNOWN OF THE DEFENDANT'S ONE PERCENT COMMISSION OR THAT SYARIKAT BUMIPUTRA WAS THE LOCAL AGENT FOR NORTHROP.

3. NORTHROP CORPORATION'S REGIONAL MANAGER FOR SOUTHEAST ASIA, MR. ROBERT A. UHRIG, IS KEEPING THE EMBASSY APPRISED OF THE PROGRESS OF THE CASE. HE UNDERSTANDS THAT THERE WILL BE 22 PROSECUTION WITNESSES, OF WHICH HE WILL BE THE FIFTH TO TESTIFY FOLLOWING THE AIR VICE MARSHALL, THE CURRENT CHIEF OF AIR STAFF, ANOTHER RMAF OFFICER AND A TREASURY OFFICIAL.. THE TRIAL HAD BEEN EXPECTED TO LAST TEN DAYS, BUT THE JUDGE'S PENCHANT FOR WRITING OUT BY HAND EACH QUESTION AND ANSWER MAY PROLONG THE LIMITED OFFICIAL USE

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PROCEEDINGS. IN THE INTERIM, THE TRIAL HAS RECEIVED FRONT PAGE TREATMENT IN THE LOCAL PRESS, ALTHOUGH REPORTING TO DATE HAS IN NO WAY IMPLIED WRONGDOING ON NORTHROP CORPORATION'S PART.
MILLER

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Message Attributes

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